MEMORANDUM

In the daily news bulletin or propaganda sheet called "Noticias de Actualidad" for January 8, which is sent out by the Argentine Embassy in Washington and which is undoubtedly sent out by Argentine embassies in some other countries, there appears the following item.

"BUENOS AIRES. (AL).- El Banco Central de la República ha dispuesto considerar las propuestas que se formulen para la importación, con financiación a plazos, de maquinarias agrícolas, tractores agrícolas y sus repuestos, originarias de Alemania, Austria, Hungría y Gran Bretaña. Serán consideradas preferentemente aquellas propuestas que en lo relativo a la forma de financiación, ofrezcan condiciones más amplias que las básicas, tomando en cuenta, también, el costo unitario de los elementos a importar en relación con los de características similares."

In this connection it is interesting to note the following. The United States has always been the principal manufacturer of agricultural equipment and tractors of all kinds and for many years has been the principal supplier of the Argentine and other American countries, as well as other areas, of such equipment. There is relatively little production of agricultural equipment in European countries, Germany, Austria, Hungary and Great Britain, which are mentioned in this news item as the new suppliers of agricultural equipment for the Argentine, do not produce such equipment in quantity. There is very little mechanization of agriculture in those countries. It is doubtful, therefore, whether these countries mentioned in this news item can supply any agricultural equipment in the quantity needed by a country such as the Argentine in which agriculture is so highly mechanized and more highly mechanized than in most countries except the United States and Canada, and in a measure Soviet Russia. It is the lack of exchange from which the Argentine is so acutely suffering which may lead the Argentine to look for agricultural equipment in these countries mentioned in the above quotation, but it is doubtful whether the Argentine for several years will be able to make exports to these countries to establish credits for agricultural as well as for other equipment. The probabilities are that in view of the acute need of agricultural equipment in the Argentine this is just one of the many items which the Argentine government is putting out to make people believe in the Argentine and elsewhere that the agricultural equipment needs of the country are being taken care of and that the government is occupying itself with this matter. Being unable to really do anything about so many of the acute industrial and equipment needs of the country on account of her lack of exchange, the Argentine government has been making a lot of noise about what it is doing to take care of these problems and is confusing the issue with words.
In this connection it is interesting to note that the Argentine was for many years the principal market the United States had abroad for agricultural equipment, and agricultural equipment and tractors from the United States are still preferred. The demand for such equipment in the Argentine has been large for years not only because of the high degree to which Argentine agriculture has been mechanized, but also because it has not been the custom in the Argentine to protect agricultural equipment in barns or under cover when not in use, but it has been exposed to the weather in most cases during the year when not in use. This means that agricultural equipment in the Argentine has deteriorated much more rapidly and has needed replacement much more rapidly than in most countries. In the Argentine the actual tenant farmer has been too poor to provide even reasonable living quarters for his family and for his equipment.

Should there be any displacement of Argentine demand for agricultural equipment to European countries from the American market, it would be a very important matter for the American producers of agricultural equipment, which have been depending upon the Argentine for years as their principal customer for export.

G. S. Messersmith

GSM/cbc